Remarks

Applicant respectfully requests reconsideration of the above referenced application in light of the Remarks that follow. Claims 1-55 are now pending in this application.

In the Final Office Action dated May 28, 2008 (the "Final Office Action"), claims 1, 24 and 39 were rejected under 35 U.S.C. 101 as claiming an invention directed to non-statutory matter. Claims 1-55 were rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent Application Publication No. 2004/0186803 to Weber (herein referred to as "Weber") in view of U.S. Publication No. 2003/0144936 to Sloan (herein referred to as "Sloan").

The undersigned's Remarks are preceded by related comments in the Office Action, presented in small bold-faced type font.

Applicant's request for reconsideration of the finality of the rejection of the Final Office Action:

As an initial matter, Applicant respectfully addresses the statements in the conclusion of the Final Office Action:

> **Conclusion**
>
> **In response to Applicant's arguments filed 1/28/2008 has been fully considered but they are moot in view of new grounds of rejections.**
>
> **Applicant's amendment necessitated the new ground(s) of rejection presented in this Office Action.**

Final Office Action, pg. 11 (emphasis added).

Firstly, the Final Office Action states that the new grounds of rejection presented were necessitated because of the Amendment submitted by the Applicant. Applicant respectfully disagrees with such conclusion. Applicant respectfully submits that the Amendment filed on January 25, 2008 contained amendments solely directed to limit the claimed invention to a computer-implemented system or computer-implemented steps of a method. As such, any reference which would appear to be pertinent as a result of this Amendment should have also been pertinent at least in the Office Action dated July 26,

2007 (the "Previous Office Action"), which did not include these narrowing limitations. Pursuant to the MPEP § 904:

> *The first search should be such that the examiner need not ordinarily make a second search of the prior art*
>
> MPEP § 904.

Under present practice, second or any subsequent actions on the merits shall not be final, if the Office Action introduces a new ground of rejection that is neither necessitated by Applicant's amendment of the claims, nor based on information submitted in an information disclosure statement. Accordingly, and pursuant to the MPEP § 706.07(d), Applicant respectfully requests reconsideration of the finality of the rejection of the Final Office Action, and that such finality be withdrawn.

Next, the Final Office Action qualifies the arguments presented by Applicant in the response filed on January 25, 2008 to the Previous Office Action as moot in view of the "new" grounds of rejection. Applicant respectfully disagrees with the statement in the Final Office Action that the grounds of rejection are entirely new. The grounds of the 35 U.S.C. 101 rejection presented in the Final Office Action are not new. In fact, they are word for word the same as those previously presented in the Previous Office Action.

Thus, Applicants respectfully submits that Applicant's arguments traversing the Previous Office Action's 35 U.S.C. 101 rejection are not moot and remain unaddressed. Applicant respectfully requests that the arguments presented to traverse the 35 U.S.C. 101 rejection be considered and answered in compliance with the MPEP (MPEP, § 707.07(f), § 7.37).

The arguments that were made in response to the 35 U.S.C. 101 rejection and that have not been addressed will be in essence reproduced here.

In addition, in rejecting the independent claims pending in the application, claims 1, 24 and 39, the Office Action cited the following passages of Weber to support the rejections: column 2 para 0013, Fig. 4-5, column 6 para 0054, column 12 para 0108 and claim 15 (Office Action, pg. 3, 7 and 9).

Weber was filed on January 8, 2004, after Applicant's filing date of May 22, 2001. Weber is a continuation-in-part application of: U.S. patent application Ser. No. 09/536,663, filed on May 27, 2000,

now U.S. Patent No. 6,941,280; U.S. patent application Ser. No. 09/536,258, filed on May 27, 2000, now U.S. Patent No. 7,099,838; U.S. patent application Ser. No. 09/815,589, filed on March 23, 2001; U.S. patent application Ser. No. 10/123,779, filed on Apr. 16, 2002, with priority to British patent application Serial No. 0206440.0, filed on March 18, 2002, now U.S. Patent No. 7,305,362; and Ser. No. 10/174,505, filed on Jun. 17, 2002.

Applicant respectfully submits that the passages of Weber cited in the Office Action are not part of the disclosures of U.S. Patents No. 6,941,280 and No. 7,099,838 (both filed on May 27, 2000), nor of U.S. patent application Ser. No. 09/815,589 (filed on March 23, 2001), which are the patents or patent application that have filing dates prior to Applicant's own filing date (May 22, 2001). Thus, the rejection of Applicant's claims based on matter which was filed subsequent to Applicant's filing date is inappropriate on its face. Accordingly, Applicant respectfully requests that the Final Office Action be withdrawn.

The Examiner is thanked in advance for such reconsideration.

Applicant's reply to the rejections of the Final Office Action:

Claim Rejections - 35 USC § 101

> **Applicants' claims are directed to an algorithm. Specifically, claim 1, 24, 39 recites "parsing", "forming a models, combining models providing payout", however these steps are mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, for example) and abstract ideas without a practical application are found to be non-statutory subject matter. Therefore, Applicants' claims are non-statutory as they do not produce a useful, concrete and tangible result.**

Final Office Action, pg. 2.

Applicant respectfully submits that this rejection is moot in view of Applicants' Amendment of claims 1, 24 and 39 submitted on January 25, 2008. Claims 1, 24 and 39 were amended to further suitably recite that the claimed inventions are drawn to a computer-implemented method (claim 1) and a computer system (claims 24 and 39). No new matter was added.

Applicant respectfully requests that this rejection be withdrawn. If the Office considers that the Amendment submitted by Applicant on January 25, 2008 is insufficient to overcome the rejection, Applicant respectfully requests proper reasoning be provided.

Claim Rejections - 35 USC § 103

> **Claims 1-55, are rejected under 35 U.S.C. 103(a) as being unpatentable Weber et al (Hereinafter Weber U.S Pub: 2004/0186803 in view of Sloan et al (Hereinafter Sloan Pub: NO: 2003/0144936 Al).**
>
> **As per claim 1, Weber discloses a computer implemented method by which an entity manages an exposure to an economic risk associated with a commodity, comprising the steps of forming a model portfolio of said exposure ("i.e proxy portfolio" see column 2 para0013), said model representing cash flows; forming a hedging portfolio for said exposure (see column 2 para0013) said hedging portfolio representing cash flows, wherein at least of the steps is implemented with a colputer (see Fig: 4-5 and column 6 para 0054 and column 12 para 0108 and claim 15).**
>
> **Weber fails to explicitly teach periodically combining said cash flows of said model portfolio and said hedging portfolio and providing a payout based on said combined cash flows.**
>
> **However Sloan discloses in a preferred embodiment of the present invention the Lifepath model may be the hub of the financial institution's relationship. The LifePath model provides data to all coaching engine allowing customized coaching output to be dispensed to the user based on his unique financial situation. The Lifepath model combines the pertinent financial information about a user in one coherent and comprehensive picture and models the user's life intentions into an aggregated cash flows system over a user selected period of time. Using the terminal the user inputs his life intentions in terms of projected income and expenses. The Lifepath model maintains an interactive dialog between the user and financial management system. (see column 5 paragraph 0058 and 0063 and column 10 paragraph 0109 and column 6 table 1).**
>
> **Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Weber to include periodically combining said cash flows of said model portfolio and said hedging portfolio and providing a payout based on said combined cash flows taught by Sloan in order to manage portfolio of investment and in which an investor can limit the risk inherent in portfolio.**

Final Office Action, pg. 2-3.

Applicant respectfully traverses this rejection for at least the reason that Weber and Sloan, even when combined, do not teach or render obvious all the limitations of at least independent claims 1, 24 and 39.

The Final Office Action acknowledges that "Weber fails to explicitly teach periodically combining said cash flows of said model portfolio and said hedging portfolio and providing a payout based on said combined cash flows" and cites to Sloan to provide disclosure for this part of the claimed invention. However, Applicant respectfully submits that Sloan does not cure Weber's defects. Applicant respectfully disagrees with the statement in the Final Office Action that Sloan teaches *periodically combining said cash flows of said model portfolio and said hedging portfolio and providing a payout based on said combined cash flows*, as required by Applicant's claims.

Sloan teaches an automated *coaching* system that enables a user to *analyze* his/her investment portfolio and dispenses automated advice based on the user's financial data, preferences and financial goals. The automated coaching recommends solutions and financial products specific to the user's situation, an can analyze the impact of the recommended product on the user's financial model.

However in Sloan, there is no cash flow from a hedging portfolio to be combined with a cash flow from a model portfolio. The portions in Sloan that the Office Action cites refer to an "aggregated cash flow system" (Sloan, para [0058]). This aggregated cash flow system refers to a combination of all the pertinent financial information about a user over a user selected period of time, which includes the user's projected *income and expenses*. In an exemplary embodiment of Applicant's claimed invention, the client's model portfolio can include payment obligations *to* the client, as well as invoices to be paid *by* the client (Applicant's published application, para [0047]). In another embodiment, the model portfolio is formed using a combination of actual and proxy financial contracts (Applicant's published application, para [0048]). However, these embodiments only refer to the modeling portfolio, and they differ from the steps of combining cash flows of *a model portfolio and a hedging portfolio* and

providing a payout based on said combined cash flows. The aggregated cash flow system of Sloan is not Applicant's combination of cash flows of a model portfolio and a hedging portfolio. In fact, Sloan does not even teach to form a hedging portfolio. One of the references incorporated by reference in Sloan, U.S. Publication No. 2002/0147671 to Sloan (herein referred to as "Sloan II") teaches that securities may be filtered based on their Beta values, and list filtered securities with opposing Beta values. However, Sloan II does not teach to form a hedging portfolio.

In accordance with this, Sloan does not teach a tracking portfolio generator.

Moreover, Sloan does not teach a payout of combined cash flows nor a payout manager.

For at least the foregoing reasons, Sloan does not teach or even suggest "periodically combining said cash flows of said model portfolio and said hedging portfolio and providing a payout based on said combined cash flows" as required by Applicant's claimed invention.

The Specification clearly denotes the advantages of Applicant's system:

> *By tracking the client's portfolio and hedging activity and calculating payments based thereon, the financial institution provides the client with several benefits. First, by entering into a payout arrangement with a financial institution, the client is provided with access to and use of the internal risk management, reporting and control systems of a competent financial institution. In addition, the client gains access to and involvement in the recommended hedging activity of the financial institution. Also, by suitably selecting a payout arrangement between the financial institution and the client, the client can achieve its desired financial objective, including but not limited to, cost or revenue certainty, accounting and tax treatment of revenues or costs or timing of costs and revenues. Furthermore, providing the client with such financial controls also facilitates the formation of joint ventures and tailored revenue sharing opportunities.*

Applicant's Published US Application, para [0061].

and

> *Furthermore, under the present invention, the portfolio modeling and hedging may be performed by a financial institution that has superior expertise in modeling and hedging as well as having the necessary counter-party relations to efficiently execute the hedging transactions.*

Applicant's Published US Application, para [0072].

Sloan whether alone or combined, does not provide a system with the advantages of Applicant's invention, because it does not teach a method by which an entity manages an exposure risk associated with a commodity, at least comprising the steps of periodically combining cash flows of a model portfolio and a hedging portfolio and providing a payout based on said combined cash flows, as required by Applicant's claims.

Thus, the combination of Weber with Sloan would not result in Applicant's claimed invention.

For at least the foregoing reasons, Applicant respectfully disagrees with at least the statement in the Final Office Action that "periodically combining said cash flows of said model portfolio and said hedging portfolio and providing a payout based on said combined cash flows" is taught by Sloan, and respectfully submits that the claimed invention is not obvious in view of Sloan, alone or in combination with Weber.

Claims 24 and 39 are drawn to systems that implement the method of the invention, and contain at least the same limitation terms from claim 1 that, as Applicant has argued above, are not disclosed or suggested by Weber, Sloan, or Weber in view of Sloan. Thus, for at least this reason, Applicant respectfully submits that Weber in view of Sloan cannot render Claims 24 or 39 obvious.

Claims 2-23, 25-38 and 40-55 depend directly or indirectly from claims 1, 24, or 39 and define further features and structure of the system. Accordingly, these claims are not obvious and are thus

patentable for at least the reasons noted above with respect to claims 1, 24 and 39 as well as for the additional features recited therein. Notice to the effect that dependent claims 2-23, 25-38 and 40-55 are in condition for immediate allowance is respectfully requested.

Closing

Claims 1-55 are now pending and believed to be in condition for allowance. Applicant has made a diligent effort to place this application in better condition for immediate allowance and notice to this effect is earnestly solicited. The Examiner is respectfully requested to reconsider the application at an early date with a view towards issuing a favorable action thereon. If upon the review of the application, the Examiner is unable to issue an immediate notice of allowance, he is respectfully requested to telephone the undersigned attorney at (212) 895-1376 with a view towards resolving the outstanding issues.

The Commissioner is authorized to charge and fees required in connection with this submission to Deposit Account No. 50-0521.

Respectfully submitted,

Date: October 29, 2008

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